



PROCUREMENT POLICY

Council Policy
C 301-25

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Purpose

The purpose of this policy is to establish guidelines for the procurement of goods and services for use by the Town. The policy establishes the basic foundation for sound purchasing procedures.

The Town of Crossfield (The “Town”) is committed to the acquisition of goods and services of the appropriate quality and at the best value for the Town, while treating all vendors equitably. The Town is committed to creating and maintaining a high level of confidence in its purchasing of goods and services necessary for the provision of municipal services, by ensuring integrity, transparency, accountability, efficiency and consistency in its purchasing and procurement processes, while acting within its authority under the Municipal Government Act, R.S.A. 2000, cM-26 as amended or repealed and replaced from time to time (MGA), Canadian Free Trade Agreement (CFTA), and the New West Partnership Trade Agreement (NWPTA).

Scope

This policy applies to all procurement and purchasing activities by the Town Employees when directly or indirectly involved in the acquisition of goods, services, construction, professional services, and consulting services for use by the Town.

1.0 DEFINITIONS

- 1.1 **CFTA** means the Canadian Free Trade Agreement, an intergovernmental trade agreement with the objective of reducing and eliminating, to the extent possible, barriers to the free movement of persons, goods, services, and investments within Canada and to establish an open, efficient, and stable domestic market.
- 1.2 **Chief Administrative Officer (CAO)** means the person appointed by Council to carry out the powers, duties and functions of the position of Chief Administrative Officer, or the person appointed by the Chief Administrative Officer to act as his/her designate.
- 1.3 **Chief Financial Officer** means the person responsible for providing financial leadership and direction of the Town.
- 1.4 **Construction** means a construction, deconstruction, demolition, repair or renovation of a building, structure or other civil engineering or architectural work and includes site preparation, excavation, drilling, seismic investigation, the supply of products and materials, the supply of equipment and machinery if they are included in and incidental to the construction, and installation and repair of fixtures of a building, structure or other civil engineering or architectural work, but does not include professional consulting services related to the construction contract unless they are included in the procurement.
- 1.5 **Contract** means a formal legal agreement between two or more parties, usually written, with binding legal and moral implications; usually exchanging Goods and/or Services for money or other considerations.
- 1.6 **Direct Purchase** means the acquisition of Goods or Services directly from a supplier without undertaking a formal competitive procurement process. Employees must exercise due diligence and be able to demonstrate that the procurement represents fair market value and best value to the Town. Comparative pricing should be obtained whenever practical and appropriate having regard to value, complexity, market conditions, and risk of the procurement.
- 1.7 **Emergency** means an unforeseeable situation of urgency and the Goods or Services cannot be obtained in time by means of an open Procurement process.
- 1.8 **Employee** means an individual employed by the Town on a permanent, temporary or casual basis.

- 1.9 **Formal Competitive Process** means a competitive process in which the relative value of the Procurement opportunity is such that all interested Vendors must be given equal opportunity to provide the Town with Goods or Services in response to an identified need.
- 1.10 **Goods** means movable property (including the cost of installing, operating, maintaining or manufacturing such movable property) and includes supplies, materials, raw materials, products, equipment and other physical objects of every kind and description whether in solid, liquid, gaseous, or electronic form.
- 1.11 **Informal Competitive Process** means a competitive process intended for low to medium dollar value Procurements in which invited Vendors are given a reasonable and equal opportunity to provide the Town with Goods or Services in response to identifiable needs.
- 1.12 **Invitation to Tender (ITT)** is the initial step in competitive tendering, in which suppliers and contractors are invited to provide offers for supply or service contracts.
- 1.12 **Limited Tendering** means purchasing from a Vendor without a competitive process which may include: sole source, single source, unique supplier, cooperative purchasing, or emergency purchases.
- 1.13 **Local Vendor** means a vendor that maintains permanent business premises within the Town's corporate limits and holds an in-town business licence issued pursuant to Business Licence Bylaw 2019-20 and any successor policies.
- 1.14 **NWTPA** means the New West Trade Partnership Agreement, an agreement between the governments of British Columbia, Alberta, Saskatchewan and Manitoba to form a barrier-free interprovincial market.
- 1.15 **Procurement** means acquisition by any means, including by purchase, rental, lease or conditional sale of Goods, Services or Construction, but does not include;
- 1.15.1 any form of government assistance such as grants, loans or equity infusion, guarantees of fiscal assistance; or
 - 1.15.2 government provision of goods and services to persons or other government organizations.

- 1.16 **Request for Proposal (RFP)** is a business document that announces and provides details about a project, as well as solicits bids from contractors who will help complete the project.
- 1.17 **Services** means all services including construction.
- 1.18 **Town** means the Town of Crossfield, a Municipal Corporation of the Province of Alberta.
- 1.19 **Vendor** includes but is not limited to, an individual, firm, partnership, or proprietorship, supplier, contractor, architect, consultant, bidder or tenderer.

2.0 GUIDING PRINCIPLES

Open and Fair Competition

- 2.1 The objective of this Policy is to ensure that Goods and Services are acquired through a fair, open, transparent and competitive process that uniformly balances the interests of the taxpayers with the fair and equitable treatment of Vendors.
- 2.2 The policy will promote and maintain the integrity of the Procurement process and protect council, staff and Vendors involved in the process by providing clear direction and accountability.
- 2.3 All Procurement actions by the Town shall be fair and impartial with no impropriety or appearance of impropriety, that all qualified buyers and Vendors have access to the Town's business, and no source is arbitrarily or capriciously excluded, and that there is the maximum amount of competition for the Town's local businesses.
- 2.4 The Town will strive towards open communication with Vendors throughout the Procurement process. This including providing unsuccessful Vendors with feedback and maintaining records on Vendor's performance under Contracts.
- 2.5 All Procurement procedures and practices must be compliant with the NWPTA and other internal or external trade agreements, all legislation, regulations, Town bylaws, and other relevant sources of law.

Best Value

2.6 The Town encourages the consideration of overall best value in the procurement of Goods and Services. The Town will consider and evaluate the relevant financial and non-financial factors prior to commencing competitive processes. The Town shall select the Vendor that offers the best value consistent with the required quality and service. Factors that will be considered in determining the best value should include, but are not limited to:

- Price, including delivery and implementation or set-up costs;
- Operating costs, including maintenance and life cycle costs;
- Salvage value and disposal costs;
- Asset retirement obligation costs;
- Availability and timeliness of delivery;
- Quality, serviceability and warranties;
- Vendor experience, expertise, capacity and capability to meet predefined requirements;
- References regarding past performance from other customers of the vendor and the Town's previous experience with the vendor;
- Value add benefits to the Town
- Contributions to the local economy through supporting businesses and creation of job opportunities;
- Environmental and ethical impacts of producing the goods and services, and the goods and services themselves.

Efficiency

2.7 Procurement activities shall be conducted using processes that are proportionate to the value, complexity, and risk of the procurement, ensuring efficient administration while maintaining appropriate accountability, effective stewardship of public funds, and compliance with applicable policies, legislation, and trade agreements

Ethical Practices

- 2.8 The Town is committed to acting ethically in its Procurement practices
- 2.9 Employees shall ensure specifications in Procurement competitions are performance based, accurate and clear.
- 2.10 Employees involved in establishing the specifications of needed Goods or Services, or the evaluation of a Procurement competition must remain free of

any real or perceived conflicts of interest with any Vendor or potential Vendor.

- 2.11 Employees shall disclose any real or perceived conflicts of interest with a Vendor or potential Vendor as soon as they become aware of the conflict. Such Vendors will not be disqualified due to the existence of a conflict of interest provided that it is properly disclosed at the outset that the conflicted employee is removed from any portion of the Vendor selection process.
- 2.12 The Town may refuse to do business with Vendors who do not act in good faith towards the Town, whether by failing to live up to the terms and conditions of past or current agreements or contracts with the Town.
- 2.13 Council and Employees are prohibited from purchasing items for personal use through any Town publicly funded purchase arrangement.

Limited Tender

- 2.14 With the prior written authorization of the Chief Administrative Officer, the Town may acquire Goods or Services through Limited Tender only under the following circumstances:
 - 2.14.1 If, in response to a prior notice, invitation to participate or invitation to tender:
 - a. No tenders were submitted or no suppliers requested participation;
 - b. No tenders were submitted that conform to the essential requirements in the tender documentation;
 - c. No suppliers satisfied the conditions for participation; or
 - d. The tenders submitted were collusive.
 - 2.14.2 If the Good or Service can be supplied only by a particular supplier and no reasonable alternative or substitute Good or Service exists for any of the following reasons:
 - a. The requirement is for a work of art;
 - b. The protection of patents, copyrights or other exclusive rights; or
 - c. Due to an absence of competition for technical reasons.
 - 2.14.3 For the additional deliveries by the original Vendor or its authorized agents, of Good or Services that were not included in the initial

Procurement if a change of Vendor for such additional Goods or Services:

- a. Cannot be made for technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial Procurement, or due to conditions under original Vendor warranties; and
- b. Would cause significant inconvenience or substantial duplication of costs.
- c. If additional Services that were not included in the initial Contract but that were within the objectives of the original Procurement documentation have, due to unforeseen circumstances, become necessary to complete the Services described therein. However, the total value of Contracts awarded for additional Services may not exceed fifty (50) per cent of the value of the initial contract.
- d. For purchases made under exceptionally advantageous conditions that only arise in the very short term, such as from unusual disposals, liquidation, bankruptcy or receivership, but not for routine purchases from regular suppliers.
- e. To the extent that it is strictly necessary if, for reasons of extreme urgency brought about by unforeseeable events, the Good or Service cannot be obtained in time by means of Formal Competitive Process.

2.15 In no case shall Limited Tender Procurements be used to avoid competition or discrimination between suppliers.

2.16 For each contract awarded in accordance with paragraph 2.14, a report that includes the value and kind of Good or Service procured, and a statement that indicates the circumstances and conditions described in paragraph 2.14 that justified the use of Limited Tendering shall be forwarded to the Chief Financial Officer.

Local Vendors

2.17 The Town will engage with local vendors to enhance their understanding of doing business with the Town and how best for Local Vendors to interact with the Town to promote Vendor's services and products. This will include, where

reasonable, posting Procurement opportunities on the Town's website and other appropriate communication methods.

- 2.18 The Town may give preference to Local Vendors when the Procurement of Goods or Services is valued at less than the relevant thresholds prescribed in the NWPTA.
- 2.19 Notwithstanding Section 2.17, Procurement decisions shall be decided on the option that represents the best value to the Town as defined in the Best Value Section of this policy.

Emergency Purchases

- 2.20 Emergency purchasing may occur when an unforeseen situation or event occurs which requires serious and immediate attention to safeguard public health, public safety, public property, or the maintenance of essential services.
 - 2.20.1 Failure to adequately plan is not an Emergency.
 - 2.20.2 Emergency purchases are to be completed in an expedited manner, however best value should be considered.

No-Split Procurements

- 2.21 Town Employees shall not split any Procurement or any projects to meet either his/her own signing authority limits or Procurement thresholds as it may be perceived as an attempt to circumvent delegated authority and/or avoid open and transparent competition.

Environmental Considerations

- 2.22 The Town is committed to reducing its environmental impact. Therefore, the Town will integrate environmental performance considerations into as many aspects of the Town's Procurement decision making process as practically possible and reduce the impact of the Town's Procurement practices to the greatest extent practical.

3.0 AUTHORITY AND RESPONSIBILITIES

3.1 Council

Town Council delegates Procurement authority to the Chief Administrative Officer through the budget process and through Council resolutions and bylaws.

3.2 Chief Administrative Officer (CAO)

The CAO or their designee shall oversee the implementation of the Procurement policy, ensuring compliance, and approving purchases within the limits of the Procurement policy. The CAO will delegate Procurement authority to department directors, who may further delegate that authority to appropriate personnel, which shall be conducted in compliance with any established Procurement procedures and practices.

3.3 Chief Financial Officer (CFO)

The CFO shall establish Procurement procedures and practices to provide for the application of this Policy and shall be responsible for implementing and monitoring compliance with the procedures and practices. Procurement practices must protect the financial assets of the Town through an effective, efficient and flexible system of controls that ensure risks are managed prudently without impairing the Town's ability to acquire the best value in the Goods and Services that it requires to deliver municipal services and achieve the Town's strategic objectives.

3.4 Departments

Individual departments and sections are responsible for:

3.4.1 Identifying specific needs for Goods or Services

3.4.2 Acquiring all Goods or Services in compliance with established Procurement procedures and practices.

4.0 PURCHASING

4.1 Employees may only make an expenditure that is included in the current year's budget or approved by resolution of Council.

4.2 Summary of Procurement process based on value:

Construction Values	Goods & Services Value	Process
\$0-\$19,999	\$0-\$19,999	Direct Purchase
\$20,000-\$199,999	\$20,000-\$74,999	Informal Competitive Process
\$200,000 or greater	\$75,000 or greater	Formal Competitive Process

4.3 The requirement for an open competition may not apply to the purchase of:

- 4.3.1 Utility Contracts;
- 4.3.2 Contracts or agreements pertaining to Employee compensation, reimbursement, training or education;
- 4.3.3 Purchase or sale of land;
- 4.3.4 Matters of a confidential nature which may result in harm if published in an open procurement;
- 4.3.5 Development agreements excluding Construction;
- 4.3.6 Investments;
- 4.3.7 Legal services;
- 4.3.8 Provincial or federal funding agreements and grants;
- 4.3.9 Corporate or individual council or Employee membership
- 4.3.10 Various rights of use, easements, encroachments and crossing agreements;
- 4.3.11 Low value and procurement card purchases.

4.4 Notwithstanding the exception clauses in 4.3 or any exception outlined within agreements or legislation, Employees should ensure that the Town is achieving good value for all purchases.

5.0 CONTRACTS

- 5.1 All agreements entered by the Town with any Vendor for the Procurement of Goods or Services valued at greater than \$74,999 must be evidenced by a written contract signed by the CAO or their designee.

6.0 CONFIDENTIALITY OF INFORMATION

- 6.1 The Town is committed to the protection of confidential information from unauthorized access or disclosure in compliance with the Town's obligations and duties under the *Freedom of Information and Protection of Privacy Act*, as amended.
- 6.2 Employees should not disclose to any unauthorized party any information concerning any Vendor or potential Vendor or any information pertaining to the nature or cost of the Vendor's or potential Vendor's offer to supply or actual supply of Goods or Services to the Town.

7.0 DELEGATION OF PURCHASING AUTHORITY

- 7.1 Council shall approve all annual Operating Budgets, Capital Budget, and long-term Capital Plans for the Town.
- 7.2 The CAO is delegated purchasing authority to purchase, and approve the purchase of, Goods or Services within the limits of a council approved budget on behalf of the Town.
- 7.3 As per the Town's Chief Administrative Officer Bylaw, and the Municipal Government Act, purchasing authority may be delegated by the CAO to directors, department managers, and other Employees at their discretion. Purchasing authority may also be revoked by the CAO at his or her discretion due to:
 - 7.3.1 Repetitive non-compliance;
 - 7.3.2 Lack of due diligence.
- 7.4 Any Employee granted purchasing authority must ensure that all applicable policies and procedures are followed and the budget approval for the purchase of Goods or Services is in place. Employees must ensure they have control over the budget and that the budget dollars are available during the entire period of Procurement.

7.5 Summary of purchasing authority limits:

Position	Purchasing Authority Limits
Council	Approval of budget
CAO	Limited as per budget
Director/CFO	Approved divisional budgets Individual Procurement to \$200,000
Department Manager	Individual Procurement to \$50,000
Supervisor/Foreman/Fire Chief	Individual Procurement to \$10,000

7.6 Administrative Review for Purchases Over \$19,999

- 7.6.1 Notwithstanding the delegated purchasing authority limits established in this Policy, any purchase of Goods or Services with a Procurement Value greater than \$19,999 shall be subject to review by the next administrative level of authority.
- 7.6.2 For routine purchases that are included within the approved budget, comply with the applicable procurement method, and are within the delegated authority of the initiating Employee, this review may occur as part of the purchase order, invoice review, payment approval, or other expenditure review process established by the Chief Administrative Officer.
- 7.6.3 Prior approval by the next administrative level of authority shall be required before the purchase is committed where the purchase:
- exceeds the delegated purchasing authority of the initiating Employee;
 - is being completed through Limited Tendering, sole sourcing, or another exception to competition;
 - involves the selection of a Vendor other than the lowest compliant bid where price is the determining factor;
 - requires a written contract or agreement;
 - creates a material financial, operational, legal, reputational, or public sensitivity risk; or
 - otherwise requires additional review at the discretion of the Chief Administrative Officer or Chief Financial Officer.

7.6.4 For the purposes of this section, the next administrative level of authority shall generally be as follows:

- purchases initiated or approved by a Supervisor, Foreman, Fire Chief, or Designated Employee shall be reviewed by the applicable Department Manager, Director, or Chief Financial Officer;
- purchases initiated or approved by a Department Manager shall be reviewed by the applicable Director or Chief Financial Officer;
- purchases initiated or approved by a Director or the Chief Financial Officer shall be reviewed by the Chief Administrative Officer.

7.6.5 Where the Chief Administrative Officer is already required to approve or sign the purchase, contract, payment, or related expenditure authorization, that approval shall satisfy the requirement for administrative review under this section.

7.6.6 This review requirement does not replace or reduce the requirement to comply with the applicable procurement method, approved budget, delegated authority limits, contract execution requirements, payment approval processes, or any other requirement of this Policy or the Procurement Procedure Manual.

8.0 POLICY REVIEW

- 8.1 This policy will be reviewed within four years of being implemented and updated as necessary to reflect changes in legislation, market conditions, or operational requirements. Changes will be submitted to Council for approval.